

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
NORTHERN DIVISION

--oOo--

COPART)	
)	
Plaintiff,)	
)	
vs.)	Case No. C072684 CW
)	
CRUM & FORSTER INDEMNITY)	
COMPANY, UNITED STATES FIRE)	
INSURANCE COMPANY, and DOES)	
1-10)	
)	
Defendants.)	
_____)	
)	
AND RELATED COUNTERCLAIMS)	
_____)	

CERTIFIED COPY

DEPOSITION OF

MONICA STREACKER

Thursday, May 22, 2008

REPORTED BY: COREY W. ANDERSON, CSR 4096 (409497)

MONICA STREACKER May 22, 2008

14:25:59 1 between the first USFIC policy issued in '03 and the
14:26:05 2 last one in '06, I believe, where the total primary
14:26:11 3 limits changed?
14:26:12 4 A. Yes.
14:26:13 5 Q. Do you remember what year that was?
14:26:23 6 A. It was in the '05-'06 year.
14:26:27 7 Q. Do you remember why the limits changed?
14:26:28 8 A. Yes. Crum and Forster decided that they
14:26:32 9 only wanted to assume two and a half million dollars
14:26:35 10 in any -- for any wind exposure.
14:26:39 11 Q. Was this an across-the-board decision?
14:26:41 12 A. Yes.
14:26:41 13 Q. So it wasn't particular to Copart?
14:26:44 14 A. No.
14:26:52 15 Q. Given the reduction in the maximum amount
14:26:55 16 that USFIC was willing to write, how did that play
14:27:00 17 into the calculation of premiums, if at all?
14:27:08 18 A. It would change the premium.
14:27:10 19 Q. In other words, it would lower the
14:27:10 20 premium?
14:27:11 21 A. It would change the premium depending on
14:27:13 22 other factors: Whether the insured had suffered any
14:27:17 23 losses; what the values were; what the values were
14:27:21 24 in different catastrophe states. Just different
14:27:27 25 factors.

MONICA STREACKER May 22, 2008

14:27:27 1 Q. And are those the factors that go into
14:27:29 2 determining the rate part of the formula?

14:27:31 3 A. Yes.

14:27:40 4 MR. PURI: Like to mark as next in order
14:27:42 5 UW 18 and 19.

14:27:44 6 (Whereupon, Exhibit 107 was marked
14:27:44 7 for identification)

14:28:07 8 MR. PURI: Q. Is this one of the
14:28:09 9 documents that you reviewed yesterday in preparation
14:28:10 10 for your deposition?

14:28:11 11 A. Yes.

14:28:13 12 Q. Looking at this e-mail train, I think you
14:28:21 13 are on some of the e-mails, but not on others. But
14:28:23 14 I believe the whole train, you ended up seeing
14:28:26 15 because it was forwarded to you.

14:28:30 16 So I guess starting with the middle of the
14:28:32 17 page of 18 where it says forwarded by John
14:28:36 18 Schlomann, to John Schlomann, cc'd to Monica
14:28:42 19 Streacker from Marni Hansen, do you recall receiving
14:28:45 20 this e-mail on or about September 19, 2005?

14:28:47 21 A. Yes.

14:28:49 22 Q. And in it Marni is asking -- or, well,
14:28:55 23 let's back up a moment.

14:28:56 24 Do you recall seeing the e-mail below it
14:28:58 25 on or around the same time?

15:42:45 1 misrepresentation alleged in USFIC's counterclaim
15:42:49 2 and USFIC's alleged reliance thereon, can you tell
15:42:54 3 me what misrepresentations Copart made?

15:42:59 4 MR. RUBY: Objection. She was not
15:43:00 5 designated -- as I explained at the outset, she was
15:43:03 6 designated to testify as to what representations
15:43:05 7 were made. And she's testified to that.

15:43:09 8 But you can ask her some more questions
15:43:10 9 about that, if you like.

15:43:12 10 MR. PURI: Oh, I see what you are saying.

15:43:13 11 MR. RUBY: Whether or not Copart was
15:43:15 12 telling the truth is not something we have produced
15:43:16 13 this witness to testify to.

15:43:24 14 MR. PURI: Okay.

15:43:24 15 Q. So let's talk about the representations.
15:43:28 16 Did you consider the numbers set forth in the SOV
15:43:31 17 statement to be representations by Copart?

15:43:34 18 A. Yes.

15:43:34 19 Q. Did you consider them estimates?

15:43:37 20 A. No.

15:43:38 21 Q. What did you consider those numbers? Hard
15:43:41 22 fact?

15:43:41 23 A. To be their -- the values at risk at the
15:43:44 24 time that they produced the statement of values.

15:43:52 25 Q. Couldn't those numbers also be considered

15:43:55 1 what it would cost to replace that particular
15:44:00 2 building or that particular set of inventory, should
15:44:02 3 there be a total loss?

15:44:06 4 A. At the time of inception of the policy,
15:44:09 5 yes. But as the policy term increases, then the
15:44:14 6 economy increases, things increase, so that if
15:44:17 7 something was a certain value towards the end of the
15:44:21 8 term, the value obviously would be more.

15:44:23 9 And so that's where the replacement cost
15:44:25 10 would come in.

15:44:26 11 Q. And at any point during the time in which
15:44:29 12 you underwrote the Copart USFIC policies, did you
15:44:34 13 have any of the yards appraised?

15:44:40 14 A. By a professional appraiser?

15:44:43 15 Q. Anyone. Even the professional appraisal,
15:44:45 16 let's start there.

15:44:46 17 A. No. It's -- it would be too cumbersome
15:44:49 18 and too expensive.

15:44:51 19 Q. Is there another level down, for instance,
15:44:53 20 a -- some what in the underwriting department or
15:44:56 21 someone in USFIC that you could ask to go eyeball
15:44:59 22 the property and give you an estimate and see if --

15:45:02 23 A. I did -- I did -- I did a spot check of
15:45:04 24 some of the larger locations. I divided the square
15:45:07 25 footage by the building value and determined that

15:45:12 1 they were adequate. If I found something that was
15:45:15 2 way off, then I would have sent someone out to take
15:45:21 3 a look.

15:45:22 4 Q. And in your spot checking, you don't
15:45:24 5 recall coming across anything that was completely
15:45:27 6 out of whack?

15:45:28 7 A. Egregious, no.

15:45:29 8 Q. But you never sent anyone on the ground to
15:45:31 9 actually go look at any of the properties?

15:45:33 10 A. No.

15:45:33 11 Q. And you know, I use the word "appraisal."
15:45:37 12 Same idea. Did you have anyone inspect any of the
15:45:40 13 properties to see hey, is there even a building on
15:45:46 14 this location?

15:45:47 15 A. Not from a loss control, no. On -- there
15:45:49 16 are other devices, there is Internet information
15:45:52 17 that I can get to spot check construction, square
15:45:56 18 footage.

15:45:59 19 Q. And did you do that from time to time?

15:46:01 20 A. Yes.

15:46:01 21 Q. Look up those --

15:46:02 22 A. Yes.

15:46:03 23 Q. -- values online?

15:46:04 24 A. (No response).

15:46:06 25 Q. Did you ever ask Marsh to see any of

15:46:08 1 Copart's documents relating to any of the values?

15:46:13 2 A. No.

15:46:15 3 Q. Did you ever ask Marsh if they had
15:46:18 4 documents that supported, that were backup to what
15:46:20 5 the values were that being claimed?

15:46:22 6 A. No. I trusted Marsh to supply me with the
15:46:25 7 information, and that was accurate from the insured.

15:46:29 8 Q. Now, we touched on this quickly before.
15:46:31 9 But does the policy, the '05-'06 policy give USFIC
15:46:39 10 the right to audit Copart's books?

15:46:41 11 A. After a loss, I believe it does, yes.

15:46:44 12 Q. Okay. And do you know if USFIC did that
15:46:47 13 in this case after the yard 105 loss?

15:46:49 14 A. No. I don't -- I am not involved in the
15:46:51 15 claims adjusting.

15:46:54 16 Q. Is the audit provision something that is
15:46:56 17 on your radar during the underwriting process?

15:46:58 18 A. No.

15:47:01 19 Q. Why not? Is that something that's a
15:47:02 20 broker function?

15:47:03 21 A. No. It's a standard -- standard on fire
15:47:07 22 policies.

15:47:11 23 Q. And in the -- from '03 to '07, for any of
15:47:15 24 your insureds that you have underwritten policies
15:47:19 25 for, have you conducted formal appraisals of their

15:47:23 1 property sites?

15:47:24 2 A. No.

15:47:26 3 Q. Same question with respect to perhaps a
15:47:29 4 loss control employee going out to do an informal
15:47:32 5 inspection.

15:47:34 6 A. Or even a formal inspection. If it was
15:47:36 7 heavy manufacturing or the type of risk where I
15:47:39 8 didn't understand what the operations were, I would
15:47:42 9 send out a loss control inspector.

15:47:44 10 But this was fairly standard and easy to
15:47:48 11 understand.

15:47:49 12 Q. And the number of properties Copart owned
15:47:52 13 was nothing unusual for you?

15:47:54 14 A. No.

15:48:02 15 Q. Given all your years dealing with
15:48:04 16 underwriting property policies, do you have any
15:48:05 17 personal experience in valuing real property?

15:48:12 18 A. I have some guidelines, some booklets.
15:48:14 19 But would it depend on the construction, whether
15:48:16 20 it's average construction, better construction. I
15:48:20 21 have a baseline.

15:48:22 22 And like I mentioned before, I can tell
15:48:24 23 whether it's way out of whack or pretty close.

15:48:28 24 Q. And so nothing in the SOV caused you any
15:48:31 25 red flags that would cause to you go to the next

15:48:34 1 step and try to do some more ferreting?

15:48:36 2 A. No. Like I said, I trusted Marsh to
15:48:38 3 provide that information for me.

15:48:42 4 Q. And in the past I know we talked about
15:48:44 5 that with respect to Copart, there were no signed
15:48:46 6 SOVs. Have you ever required signed SOVs during
15:48:53 7 your time at at USFIC?

15:48:54 8 A. No.

15:48:55 9 Q. Why not?

15:48:55 10 A. It's not required.

15:48:58 11 Q. Have you ever seen signed SOVs come in
15:49:00 12 from brokers even though you haven't required it?

15:49:03 13 A. Yes. At companies that write highly
15:49:05 14 protected risks, when I was at Wausau it was
15:49:08 15 required, and at FM Global it's required.

15:49:12 16 Q. And is there any provision as far as you
15:49:14 17 know in the '05-'06 policy where Copart warrants
15:49:19 18 that the values put in the SOV are true? In other
15:49:23 19 words, a warranty provision?

15:49:26 20 A. No.

15:49:28 21 Q. And was there anything in the documents
15:49:30 22 leading up to the policy like the specifications,
15:49:34 23 the quotes, the binders, that contain any kind of
15:49:37 24 warranty provision regarding the values stated in
15:49:39 25 the SOV?

15:49:41 1 A. Warranty provision, no.

15:49:44 2 Q. Is a warranty provision something that

15:49:46 3 could be added to a property policy?

15:49:50 4 A. No.

15:49:50 5 Q. Why not?

15:49:54 6 A. It's -- it -- it would have to be a signed

15:49:58 7 statement of values. That would have to be about

15:50:00 8 the same, same thing.

15:50:01 9 Q. So it could be a requirement, it just

15:50:04 10 wasn't in this case?

15:50:05 11 A. I haven't seen it.

15:50:06 12 Q. You haven't seen it done?

15:50:08 13 A. Right.

15:50:09 14 Q. In your experience with USFIC?

15:50:10 15 A. Right.

15:50:27 16 MR. PURI: Okay. And then Mr. Ruby, I

15:50:29 17 don't have your comments from earlier today, but

15:50:31 18 looking at the next topic which was the mistake

15:50:33 19 alleged in USFIC's counterclaim.

15:50:37 20 MR. RUBY: Huh.

15:50:38 21 MR. PURI: I was going to go into inquiry

15:50:40 22 on that. Was there a...

15:50:43 23 MR. RUBY: Well, as I said earlier, the

15:50:45 24 witness has offered to testify to the underwriting

15:50:51 25 intent, which for many of these policies was her

15:50:54 1 personal intent. So...

15:50:58 2 MR. PURI: Okay.

15:50:59 3 Q. So looking at that particular topic, which
15:51:02 4 is a mistake alleged in USFIC's counterclaim, was
15:51:07 5 there any mistake in the policies that were written
15:51:09 6 by USFIC to Copart?

15:51:12 7 MR. RUBY: That's, again, beyond the scope
15:51:14 8 of the witness' designation.

15:51:18 9 THE WITNESS: I wasn't prepared to speak
15:51:19 10 on that.

15:51:20 11 MR. PURI: Okay. I'll just have to go
15:51:27 12 back and look. I don't know what it is that you
15:51:28 13 said about that designation, so you are going --

15:51:31 14 MR. RUBY: Well, she -- she -- she would
15:51:32 15 be the witness to testify as to what the intent of
15:51:35 16 the company was as far as what would be covered,
15:51:36 17 what would not be covered, coverage terms, that sort
15:51:40 18 of thing.

15:51:41 19 Whether the policy reflects that intent or
15:51:44 20 not obviously will be decided by the Court, and we
15:51:46 21 are not going to have our witness predict what the
15:51:50 22 Court is is not going to do.

15:51:52 23 MR. PURI: I understand.

15:51:53 24 MR. RUBY: And of course, it's our
15:51:55 25 position preliminarily that the policy does reflect

15:51:57 1 that intent. The mistake allegation is an
15:51:59 2 alternative theory.

15:52:01 3 MR. PURI: Thank you.

15:52:03 4 And is the same true for Topic No. 10,
15:52:06 5 which is the damages suffered as a result of the
15:52:08 6 counterclaim? May I examine this witness on I guess
15:52:12 7 the issue would be the premium that could have been
15:52:14 8 collected, is what the alleged damage is?

15:52:18 9 MR. RUBY: Yes. And her -- her knowledge
15:52:19 10 would be how the premiums were calculated, and
15:52:21 11 therefore if higher values had been reported you
15:52:25 12 could ask her what the effect of that would have
15:52:26 13 been.

15:52:27 14 She is not privy to what higher values
15:52:30 15 might or might not have been reported, so she is not
15:52:32 16 able to --

15:52:33 17 MR. PURI: Right.

15:52:34 18 MR. RUBY: -- complete the calculation.
15:52:35 19 We'll have an expert do that.

15:52:37 20 MR. PURI: Okay.

15:52:40 21 Q. Did you have occasion to see the -- an
15:52:43 22 updated SOV that did contain a value for the
15:52:48 23 buildings at yard 105?

15:52:51 24 A. Yes. I think it came in in January '06.

15:52:54 25 Q. It came in after the loss.

15:52:56 1 A. Right.

15:52:56 2 Q. I will represent that.

15:53:02 3 Did you do any calculations for what the
15:53:03 4 premiums would be based on that added value?

15:53:07 5 A. Yes.

15:53:08 6 Q. And was that calculation done as part of
15:53:10 7 the '06-'07 policy?

15:53:13 8 A. Yes.

15:53:16 9 Q. And sitting here today, and we can go look
15:53:18 10 at the specific documents, do you know what the
15:53:21 11 difference was in the -- was there an increase in
15:53:25 12 premium as a result of that additional value?

15:53:28 13 A. I think so. I think that Copart added and
15:53:31 14 then deleted some locations, but I think the net
15:53:34 15 result was an additional premium.

15:53:35 16 Q. And can you remember an order of magnitude
15:53:38 17 of how much the additional premium was?

15:53:41 18 A. No. I'd have to look at the policy.

15:53:43 19 Q. And the policy you would want to look at
15:53:45 20 would be the '06-'07? Would that be the one that
15:53:49 21 would be helpful to you?

15:53:50 22 A. Maybe it's this one.

15:53:52 23 (Pause)

15:53:54 24 A. No, it's the '05-'06. So it's
15:53:57 25 endorsement -- it's endorsement that is effective

15:54:03 1 January 1st, and it results in a additional premium
15:54:09 2 of \$18,236.

15:54:14 3 Q. Are you looking at POL 298?

15:54:16 4 A. Yes.

15:54:17 5 Q. Okay. So looking at POL 298, your
15:54:22 6 understanding is that the \$18,000 premium includes
15:54:27 7 other things, among which is a new value for the
15:54:33 8 building at yard 105?

15:54:36 9 A. Well, it was actually they had added a
15:54:39 10 building.

15:54:42 11 Q. Right.

15:54:42 12 A. At that time. Yes.

15:54:43 13 Q. And that's what the premium partially
15:54:45 14 reflects?

15:54:47 15 A. Correct.

15:54:47 16 Q. Okay. So is it your opinion, then, that
15:55:04 17 as of January 1, 2006 if the loss at yard 105 had
15:55:08 18 occurred after that, based on this endorsement it
15:55:11 19 would have been covered?

15:55:12 20 MR. RUBY: Objection, vague and ambiguous.

15:55:25 21 THE WITNESS: Can you repeat the question?

15:55:26 22 MR. PURI: Q. Sure. Is it your opinion,
15:55:27 23 then, looking at this endorsement that after January
15:55:31 24 1, 2006, had the hurricane loss come after that that
15:55:34 25 there would have been coverage for that particular

MONICA STREACKER May 22, 2008

16:26:23 1 not being put into the statement of values for yard
16:26:26 2 105 are premiums that were not paid therefore as a
16:26:33 3 result of the statement not having certain values?

16:26:35 4 A. Yes.

16:26:37 5 Q. Is there anything else that USFIC would be
16:26:42 6 entitled to or as a result of those building values
16:26:47 7 not being in the August 2005 statement of values?

16:26:52 8 MR. RUBY: Okay, keep in mind it's not
16:26:54 9 just about values not being in, it's also about
16:26:55 10 values being reported, but perhaps being
16:26:58 11 under-reported.

16:27:00 12 MR. PURI: Q. So sticking with simply the
16:27:01 13 yard 105 missing building value, is there anything
16:27:05 14 else aside from premiums that USFIC would be
16:27:09 15 entitled to as a result --

16:27:10 16 A. I would have to speak to Mr. Ruby about
16:27:12 17 that.

16:27:13 18 Q. Long discussions about that.

16:27:16 19 But as far as you know, aside from the
16:27:17 20 premiums, back premiums that would be owed, there
16:27:20 21 are no other categories of dollars that would be
16:27:23 22 owed to USFIC?

16:27:25 23 A. Not that I know of.

16:27:26 24 MR. RUBY: The only damages being claimed
16:27:28 25 are additional premiums that would have been

16:27:30 1 collected if different values had been reported and
16:27:34 2 interest and so forth.

16:27:36 3 MR. PURI: Q. And just building on that,
16:27:37 4 we went through I think in detail what those
16:27:42 5 premiums would have been, and I think you
16:27:43 6 testified -- and correct me if I'm wrong -- that the
16:27:46 7 premiums that would have been collected had building
16:27:49 8 values been set forth for yard 105 were included in
16:27:52 9 the \$18,000 endorsement that was added on in January
16:27:56 10 of '06?

16:27:57 11 A. From January '06 on, that those -- that
16:28:01 12 was the premium that was collected.

16:28:06 13 MR. PURI: Yeah. Okay. I think we are
16:28:07 14 saying the same thing.

16:28:14 15 Okay. I think that's all the questions I
16:28:15 16 have for you. Thank you so much for your time.

16:28:18 17 THE VIDEOGRAPHER: This marks the end of
16:28:18 18 tape No. 3, volume 1 in the deposition of Monica
16:28:22 19 Streacker. We are off the record at 4:28.

20 (Whereupon, the deposition was
21 adjourned at 4:28 P.M.)

22

23

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24

25

I declare under penalty of perjury the

Policy Number
2441886561

Crum Forster
A FAIRFAX Company

CHANGE ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured COPART INC.

Effective Date: 01-01-06

Agent Name MARSH GLOBAL BROK/SF

12:01 A.M., Standard Time

Agent No. 80835

COVERAGE PART INFORMATION - Coverage parts affected by this change as indicated by ☒ below.

<input checked="" type="checkbox"/> Commercial Property	\$ 18,236.47
<input type="checkbox"/> Commercial General Liability	
<input type="checkbox"/> Commercial Crime	
<input type="checkbox"/> Commercial Inland Marine	
<input checked="" type="checkbox"/> TAX/SURCHARGES	\$ 115.25
<input type="checkbox"/>	

CHANGE DESCRIPTION

IN CONSIDERATION OF AN ADDITIONAL PREMIUM, IT IS HEREBY AGREED AND UNDERSTOOD THAT THE PROPERTY VALUES IS AMENDED AS PER UPDATED STATEMENT OF VALUES DATED 01-01-2006 AS PER SCHEDULE ON FILE WITH THE COMPANY.

REVISED TIV - \$153,769,079

PREMIUM CHANGE

Additional \$ 18,121.22

Return \$

AUTHORIZED REPRESENTATIVE